

An Interview with Kirt Butler

By Sarah Singer

Executive Briefing: This is an interview with Dr. Kirt Butler. Dr. Butler specializes in international and corporate finance and global strategy. He joined the MSU faculty in 1985 after completing his doctorate in finance at MSU.

Professor Butler's research has appeared in a variety of academic and practitioner journals; his academic research has also been profiled in *Time* and *Money* magazines, on the CNN and CNBC websites, and elsewhere. The 5th (2012) edition of his textbook best-selling *Multinational Finance* textbook is available for the Fall 2012 semester.

Professor Butler is also a Sensei of Okinawan Shido-kan (Shorin Ryu) Karate with a rank of eighth degree black belt. He teaches karate in MSU's Department of Kinesiology – just for fun.



Sarah Singer: You are, if you will, a “lifer” at Michigan State, with four degrees and over 25 years on the faculty of the Eli Broad College of Business. What has kept you at MSU for all these years?

Kirt Butler: I began MSU as a freshman living in Wilson Hall. During that first year I was fortunate enough to gain entry into MSU's Honors College and make the transition from high school jock to college student. The Honors College allowed me to pursue an eclectic undergraduate program of study leading to a BA in Psychology/pre-med. This was followed by an MS in Engineering, and then an MBA and a PhD in Finance. My wife also has 4 degrees from MSU – a BA in English, an MA in Education, and an MA and PhD Communication Arts – and my daughter received her BA from James Madison College. If you say “Go Green” in our house, someone else says “Go White”

What I have appreciated most throughout my years is MSU's commitment to its world-grant mission to explore the world around us and to find solutions that improve our lives. The world can be a difficult and dangerous place, and MSU's heart and soul are devoted toward creating a better and sustainable future. The people at MSU – students, faculty, administrators, and alumni – pursue this mission with passion, conscience, and a deep and abiding regard for the earth and its inhabitants. You can't beat that!

Singer: Obviously with the evolution of technology, many fields are changing rapidly, international finance not least among them. Can you talk about how this field has changed over the last five years?

Butler: One often hears that “change is a constant”, but it is not. The rate of technological and sociological change is itself constantly changing – and in most cases it is increasing.

In business, change is driven by increasing integration across national borders in markets for goods and services. International markets are playing an increasing role in the viability of our domestic industries and economy. Supply chain management and logistics are now global industries, with both local and global risk management issues. This interconnectedness is especially prevalent during crisis periods, such as the global financial crisis of 2008 and Japan's 2011 earthquake and tsunami.

Integration is proceeding at an even faster pace in financial markets as advances in electronic communication, data processing, and information technology reduce barriers to the free flow of information and capital. The consequence for financial markets is an increase in liquidity – or the ease with which you can capture an asset's value. Without liquidity, markets fail in their price discovery function and are unable to effectively allocate capital. Financial market integration has increased the potential for a crisis in one country to affect nearby and even distant countries as shocks are propagated around the world. Indeed, Basel III – the most recent of the Basel Accords on capital adequacy in the banking system – is focused on ensuring financial market liquidity during crisis periods.

Singer: What do you think international finance will look like five, or even ten, years from now?

Butler: The Internet has changed access to information in a fundamental way, with consequences for finance, business, education, and even human relationships. People have not changed – and so the nature of business and education has not changed. What has changed is the way in which we interact with the world around us – in ways both mundane and profound. The Internet provides us with access to a vast library of

human knowledge, as well as to music downloads and dating websites. We can gather market research data from online searches, or track packages as they are shipped around the world. Have an issue with your plumbing? There's an online video specifically for your hardware.

There will be several consequences of this increased access to information for the field of finance. Raw information – who did what to whom and where, when, and how they did it – will increasingly be available via online search engines. At the same time, the world will never be truly flat. Knowledge, wisdom, experience, and judgment will remain in short supply.

The global financial crisis of 2008 provides an example. Financial crises such as 2008 are not new – nations have experienced crisis periods throughout history. These crises share many common elements, such as a collapse in asset prices and liquidity. The antecedents of the 2008 crisis included a relaxation in U.S. mortgage loan standards and an accompanying bubble in U.S. housing and real estate prices. Data on these markets was readily available, and yet few predicted the collapse in asset prices and liquidity.

Blaming the crisis on financial markets or collateralized debt obligations is like blaming the crisis on algebra. Financial derivatives can be complex, but they are merely tools for transforming or transferring value. Managers need to understand the processes on which their businesses depend, and quantitative literacy is a necessity in today's business world. Nevertheless, it is people that wield these financial tools. Understanding people – their motivations, hopes, and fears – is and will remain the driving force in business and finance.

So, how will finance change in the next ten years? I won't be surprised if we are hard pressed to recognize finance as it exists today. And yet it is people that will be making business and financial decisions, and the nature of mankind is unlikely to change.

Singer: You've recently published an updated edition of your textbook, *Multinational Finance*. What is the most important take-away from that book?

Butler: The 5th (2012) edition of *Multinational Finance* was published this fall by John Wiley & Sons.

Writing a book is like giving birth in that, after it's done, you quickly forget how difficult it was to complete the task. Each time I revise the text, I spend many long and tedious hours making sure I "get it right" – and then polishing my prose until my readers can understand my intent. The good news for me as a writer is that while I am a hard at work at my desk, my wife Erika enjoys traveling the world and collecting international business anecdotes. That's grist for my mill.

The most important take-away from the text can be summarized by Will Rogers' statement "Even if you're on the right track, you'll get run over if you just sit there." In today's fast-changing world, the status quo doesn't last

long. You've got to keep moving ahead, or you'll quickly fall behind.

Singer: In what ways is the development of electronic textbooks changing the market landscape for books such as *Multinational Finance*?

Butler: Electronic textbooks were a novelty as recently as 10 years ago. Now, an increasing number of my readers prefer to buy the text in an eBook format. Electronic texts can be remotely accessed from a smart phone or other mobile device – and this is important for today's mobile students and managers. Although some readers still prefer the print version, the trend and certainly the future lie in electronic media.

Singer: One of your roles at the Broad College is that of study abroad director. You've also been developing and leading MBA study abroad programs for many years. What is the most rewarding aspect of this work?

Butler: My wife Erika is the more experienced study abroad program leader in our household. She has led a 3-week study abroad program for juniors/seniors in the College to travels through Belgium, Luxembourg, and the Netherlands each summer for the past decade. She was raised in the Netherlands and is fluent in five languages, and that removes a lot of travel-related stress for the students (and for me!). Erika and I also have co-lead study abroad programs for our Weekend MBA (WMBA) students to Brazil and South Korea for the last five years. The WMBA program is an MBA program for working executives that is taught in East Lansing and Troy, Michigan. We are heading to China with our WMBA students next summer.

Graduate study abroad programs typically combine pre-departure studies of the local business and popular culture with site visits to key businesses in the host country. The best visits usually are arranged through personal contacts, particularly if they have an MSU affiliation. For example, when we visited SK Telecom in South Korea our group was hosted by a Senior VP from SK that had earned his Ph.D. at the same time as my wife in MSU's College of Communication Arts & Sciences. This MSU alumnus clearly cared about our students, and spent the time and energy to ensure our program's success. Those types of contacts make for the best speakers – and for the most rewarding visits.

Singer: In what ways does participating in study abroad enhance the educational experience of an MBA student?

Butler: Last summer, Erika and I took 87 WMBA students to Brazil. Most of these students had traveled internationally for business, and some of them were seasoned international travelers. Several had spent more than one week in Brazil for business. Adding value to these executives can be a challenge.

Most business trips are focused on business to the exclusion of other objectives. When I present a paper at an international conference, it is not unusual for me to spend all of my time in or near my hotel or conference center. I have a job to do, and taking the time to explore the country and its culture usually is not at the top of my priorities. Our WMBA students similarly find that their international business trips often preclude any activities except the business-at-hand.

In contrast to a typical business trip, the 'business' of a graduate study abroad program is to learn about a culture and to understand how that culture influences the practice of business both at home and abroad. An improved understanding of a culture and ultimately can lead to more productive business and personal relations with representatives of that culture. This process of discovery can be a transformative experience – for both students and faculty. Indeed, improving my understanding of other peoples and cultures is the most rewarding aspect of my study abroad experiences.

Singer: You have been one of the faculty members who have played an instrumental role in shaping and shepherding the College's international strategies and partnerships; you've been especially instrumental in the creation of the soon-to-be-launched Global EMBA. Can you talk a bit about this program – what are the College's goals for it and how do you see that program evolving?

Butler: MSU has a long history of international engagement and aspires to be a world-grant university with programs that focus on quality, diversity, and accessibility. Our Global EMBA program is a natural offspring of this mission.

MSU's Executive MBA (EMBA) program taught at our Management Education Center in Troy boasts more than 2,000 graduates and is the 2nd oldest EMBA program in the USA. Graduates of the program include many high-ranking executives, and although they began their careers in Detroit they now have a global reach. The College suspended this program after the 2008 crisis because our corporate partners could no longer afford to sponsor their top executives. The most recent class graduated in 2010. Suspension of the EMBA program hurt relations with our corporate partners in Southeast Michigan and created a void in management education that only partially was filled by our Weekend MBA program.

For the past year, a faculty team has worked to resurrect our EMBA program as a Global Executive MBA program. EMBA programs are part-time MBA programs designed for senior executives with working knowledge in one or more functional fields of business. Global EMBA programs are a subset of the EMBA market in which programs have an explicitly global orientation and delivery. Our Global EMBA program will leverage the College's assets in a way that will deliver world-class

management education to a cohort of senior executives operating in the global economy.

The four themes of the program are applied learning, teamwork, leadership, and a global perspective. MSU is a world leader in each of these areas. Applied learning is at the heart of MSU's mission as a world-grant university, as reflected in MSU's "Spartans Will" campaign that seeks to positively impact lives and communities. This is particularly relevant to a Global EMBA program, as these executives need to be able to apply their learning on Monday morning. Our faculty is renown in the areas of team dynamics and work motivation, and is involved in cutting-edge research such as how teams interact with other teams in large-scale projects such as MSU's Facility for Rare Isotope Beams (FRIB). Leadership is central to any EMBA program, and MSU's College of Business has a strong tradition of developing industry captains. We also are at the forefront of global business and business education. For example, our International Business Center hosts the Academy of International Business – the leading association of international business scholars with the objectives of fostering education and advancing professional standards in the field of international business.

The proposed 17-month program will begin with a boot camp in East Lansing to form teams and begin the educational process. Online courses will then be interspersed with three international residencies. These residencies initially will be in Brazil, India, and Turkey, although our international partners might change as opportunities present themselves. The program will conclude with a case competition in East Lansing judged by a panel of industry experts. MSU's fulltime MBA program has been very successful in national and international case competitions, so this is something in which we feel we have a competitive advantage.

Online delivery of nearly two-thirds of the course content will allow us to attract a global audience in a way that will complement rather than compete with our existing, Midwest-based Weekend MBA program. The challenge in this model will be to deliver our online content with the highest possible quality using our most knowledgeable and experienced faculty. Ideally, our corporate partners will enroll high-potential executives from their global workforce into the program. We are excited to get this program up-and-running. ♦ [gBR Article 07-04, Copyright © 2013.](#)

About the Author

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